

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/04/2021

latest unit price \$4.9352	return since inception (March 2009) 761.70%	return 1 month 3.43%
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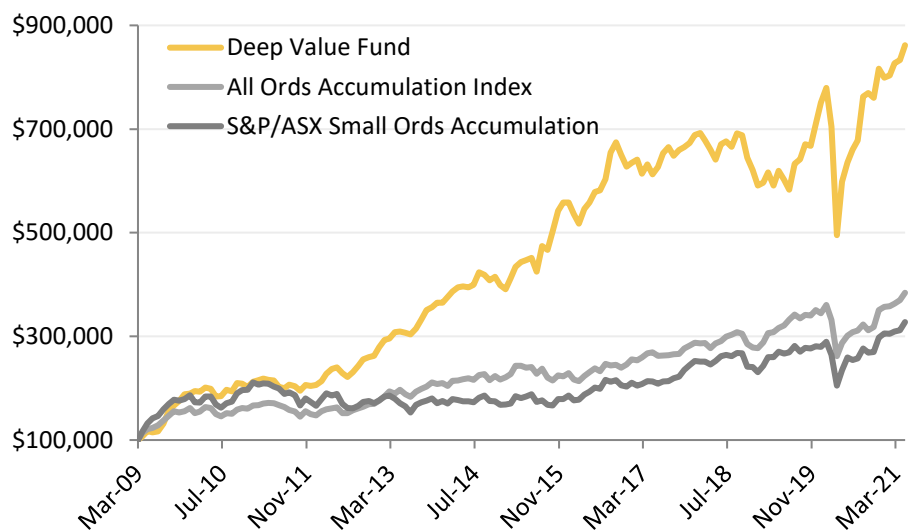
FUND OUTLINE

Fund Manager:

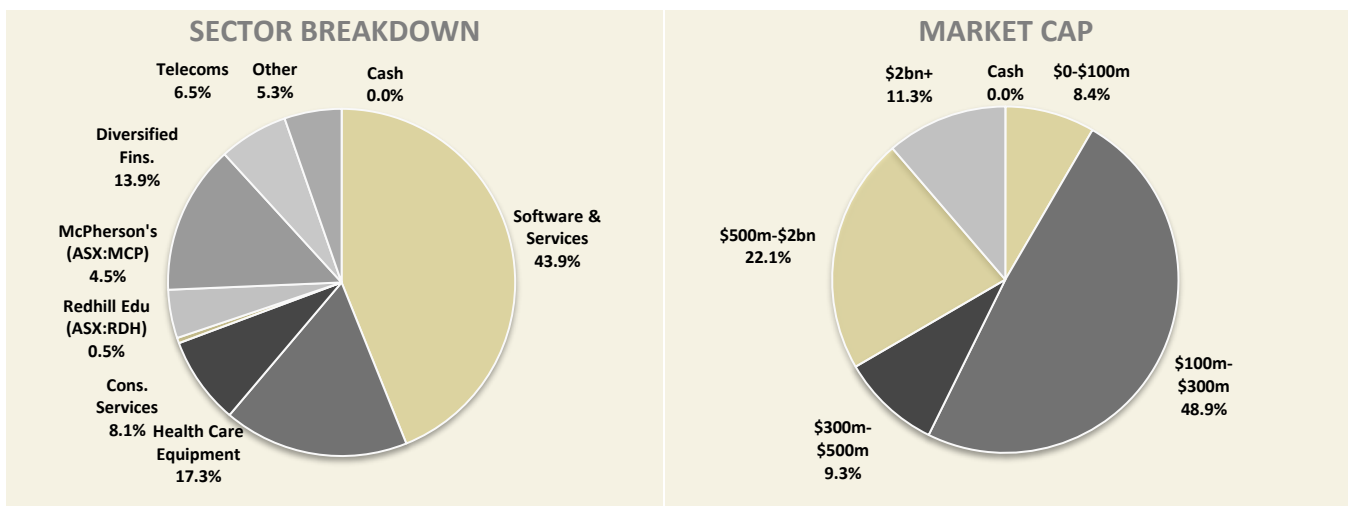
Carlos Gil (CIO)

The Deep Value Fund is a wholesale fund investing in a concentrated portfolio of undervalued, profitable and growing ASX listed microcap and smallcap companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$861,701**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.37%	761.70%	18.10%	14.88%	11.74%	9.08%	10.35%	44.02%	3.43%



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MARKET UPDATE AND COMMENTARY

As the economic recovery across the world gathers space, forward looking financial markets are increasingly focused on the outlook for inflation. The US March quarter CPI number was 2.6%, slightly above consensus. Stripping out energy and food prices, core inflation was 1.6%, also ahead of expectations. While the number is still significantly below the long-term core inflation range, the trend is clearly upward. The difficulty for financial markets is its currently very difficult to form a reasonable basis for what the inflationary climate will look like over the next 12 months, let alone 36 months. Covid-19 and then the subsequent government stimuli has distorted the underlying basis of economic activity, meaning extrapolating what is short term adulterated forces versus true underlying factors is a difficult exercise. Clouding the picture even further is supply chain disruption specially in Asia, increasing short term prices for many end consumer goods. Removing the distortive temporal effects and acknowledging demand is likely to increase means it is highly likely US core inflation will move above 2% over the medium term.

Microequities Deep Value Fund returned 3.43% in April; this brings the total return net of fees to 761.70% for the Fund since inception in March 2009.

In March, McPherson's Ltd (ASX:MCP) received an opportunistic on-market takeover bid for 100% of the company by Gallin Pty Ltd, an entity associated with Raphael Geminder's family office at \$1.34 per share. That low ball offer was subsequently trumped by a competing bid at \$1.60 per share from Arrotex. McPherson's currently represents 4.5% of the total assets of the Deep Value Fund.

After a deep dive analysis into the Fund, our investment management team deems that 40.7% of the Fund's current assets are in companies that are extremely undervalued and therefore vulnerable to M&A and where we are underweighted. A further 13.7% resides in companies that are undervalued and growing.

The investment management team is actively trying to acquire and allocate all available cash, including inflows into these undervalued opportunities that represent compelling long term value. There is a high degree of conviction around these opportunities.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+23.8%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+21.0%

Number of companies	34
Top 5 Holdings % of NAV	36.4%
Top 10 Holdings % of NAV	60.1%
Top 20 Holdings % of NAV	87.0%
Cash Position % of NAV	0.0%

Important information: This information is not intended to be financial advice. Past performance is not indicative of future performance. Microequities Asset Management Pty Ltd is a corporate authorised representative, number 462438, as appointed by Microequities Asset Management Group Limited holder of AFSL number 287526. Application for units in the Fund is limited to investors that are wholesale or sophisticated investors within the meaning of Section 761G(7) and 761GA(7) of the Corporations Act 2001.